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SECURITY INFORMATION  
CENTRAL INTELLIGENCE AGENCY  
INFORMATION FROM  
FOREIGN DOCUMENTS OR RADIO BROADCASTS

REPORT

CD NO.

COUNTRY China  
SUBJECT Economic - Commerce, price stabilization  
HOW PUBLISHED Daily newspapers  
WHERE PUBLISHED China; Hong Kong  
DATE PUBLISHED 4 Sep - 17 Nov 1951  
LANGUAGE Chinese

DATE OF INFORMATION 1951

DATE DIST. 19 Feb 1952

NO. OF PAGES 5

SUPPLEMENT TO REPORT NO.

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SOURCE Newspapers as indicated.

STABILIZED MARKET AND LOWER PRICES IN CHINA

Increased purchasing power, reflected in greater commodity sales, has stabilized the commodity market in China. Positive steps have been taken by the government to control and reduce prices on essential items. Fluctuations have been slight since the 1951 mid-autumn festival when prices were held to agreed limits.

Numbers in parentheses refer to appended sources.

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The Market Information Section of the Shanghai Union Mercantile Office published the following chart (1) of major price fluctuations for August 1951. Prices are multiples of 10,000 yuan. (1)

Commodity	Unit	Jul Av	Aug High	Aug Low	Aug Av	Percent of Fluctuation of Av
Posted price of parity units	unit	5,403.000	5,546.000	5,396.000	5,458.000	+ 0.43
Interest on deposits	yuan	0.644%	0.600%	0.600%	0.600%	- 6.83
Interest on loans	yuan	3.430%	3.300%	3.300%	3.300%	- 3.79
Interest on associated enterprises	yuan	2.916%	2.850%	2.850%	2.850%	- 2.26
Top white nonglutinous rice	picul	14.350	14.600	13.900	14.160	- 1.32
Middle white nonglutinous rice	picul	13.500	13.500	13.000	13.130	- 2.74
Lao-ch'e flour	bag	7.750	7.500	7.250	7.350	- 5.16
Pen-ch'ang peanut oil	picul	54.960	54.000	52.000	52.520	- 4.41
Special granulated sugar	picul	62.960	73.000	66.000	67.810	+ 7.70
13/16 fine cotton	picul	98.400	98.400	98.400	98.400	0.00
42-gauge Chin-ch'eng yarn	bele	1,145.000	1,260.000	1,145.000	1,242.960	+ 8.56
20-gauge Lan-feng yarn	bale	715.000	785.000	715.000	774.440	+ 8.31
Dragon's-head cloth	bolt	27.500	29.000	27.500	28.780	+ 4.66
Ssu-chun-tzu beige	bolt	28.000	29.500	28.000	29.280	+ 4.57
T'ien-ch'iao-jen silk	box	1,516.000	1,430.000	1,430.000	1,430.000	- 5.67
High-grade raw silk	Ssu-ma picul	1,320.000	1,340.000	1,320.000	1,333.330	+ 1.01
Chiao-tao-pai coal	ton	45.500	45.500	45.500	45.500	0.00
Pure coal balls	picul	2.700	2.700	2.700	2.700	0.00
I-hac (No 1) kerosene	barrel	248.030	237.700	237.700	237.700	- 4.17
Yueh caustic soda	300 kilograms	370.000	370.000	370.000	370.000	0.00
Yung-li soda	80 kilograms	26.620	29.500	29.500	29.500	+ 10.82
Chung-fu sulfur black	Ssu-ma picul	180.600	205.000	195.000	201.670	+ 11.67
No 3 red rubber	long ton	6,004.000	6,050.000	5,830.000	5,932.590	- 1.19
200,000 /sic/ penicillin	bottle	1.7632	1.650	1.550	1.6038	- 9.04
30/42 Soviet paper	ream	36.000	39.500	36.000	37.190	+ 3.31
Chinese paper	ream	28.000	28.000	28.000	28.000	0.00
Flying Horse cigarettes	pack of 20	2.460	2.460	2.460	2.460	0.00
Ku-pen soap	box	22.500	23.150	22.500	23.050	+ 2.44
Mei-li matches	100 books	18.800	19.500	19.500	19.500	+ 3.72
0.1-inch steel plate	ton	1,612.000	1,900.000	1,800.000	1,862.960	+ 15.56
0.4-inch yang-yuan /steel plate/	ton	800.000	800.000	800.000	800.000	0.00
One-inch nails	keg	38.680	43.000	39.000	41.370	+ 6.95

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Stable Economy

According to data from the Ministry of Trade of the Central People's Government, the average index on wholesale prices for 25 essential commodities in September 1951 showed a rise of only 14.8 percent above the index for 31 December 1950 in Tientsin, Shanghai, Hankow, Canton, Chungking, and Sian. Taking the December index as a base of 100, the ministry gave the following indices for 1951: March 105, May 109.1, July 111.3.(2)

From the end of September, prices of essential commodities have gradually fallen to the August level. Comparative figures for 32 basic commodities in these six major cities in October were 0.2 percent below September quotations. Although prices were generally stable in autumn and winter 1950, October 1950 prices were 5 percent above September 1950. During September 1951, the price index for these commodities rose gradually. By the end of August, the index had reached 114.2 and, on 24 September 1951, it reached 115.9, the highest for 1951. The index dropped to 114.3 by the end of October and to 114.1 by 10 November.(8)

Industrial commodities showed a slightly higher increase than agricultural commodities, since agricultural recovery has been the more rapid. Between the end of December 1950 and the beginning of September 1951, the wholesale price index for cotton cloth rose 23.2 percent and the index for foodstuffs rose 11.4 percent.

Prices Guaranteed for Mid-Autumn Festival

On 10 September 1951, Tientsin merchants handling oil, beef, mutton, and slaughter hogs responded to the Central People's Government slogan to stabilize prices of staple and supplementary foods by drafting a public resolution for stringent controls during the mid-autumn festival. The oil merchants convened a standing control committee and passed a five-point resolution to guarantee no hiking or undercutting of oil prices. Retail prices were not to exceed 7 percent of wholesale market prices. Shops instituted mutual inspections and offenders were liable for investigation.

Retail dealers in slaughter hogs met to guarantee that pork prices would not rise, meat would not be withheld for higher prices, weight would be honest, and daily retail price announcements would be published based on wholesale prices for the day from the Business Management Group, Hog Merchants Association. Beef and mutton retailers set the market price ceiling at 900 yuan above wholesale price [per catty?]. Violators, detected through the mutual inspection system, were to be punished by being shut down for 3 days.(3)

In Shanghai, the price index on 47 essential commodities for the first 10 days of September showed a rise of only 1.25 percent over the average for the month of August. The index for the middle 10 days of September showed greater stability in these commodities and the prices of certain items, such as green vegetables from small farms, even dropped a bit.

The Shanghai Municipal Bureau of Industry and Commerce, through agreements with various trade organizations in other areas, fixed top prices for all goods and organized the various companies to facilitate shipment of items into Shanghai.(4)

Peiping Orders Price Reductions

State-operated trade agencies effected three successive price drops in industrial equipment and petroleum, following the arrival of large quantities of goods from the USSR and other friendly nations. Two successive drops in the price of bituminous coal followed reduced production and distribution costs in state-operated trade agencies. At the end of September, there was a drop in the list price of oil and salt.(8)

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Late in September, the Ministry of Trade of the Central People's Government ordered the state-operated China Industrial Machine Supply Corporation and the China Petroleum Corporation to effect the second series of general reductions in the prices of their important commodities. These reductions became effective 25 September 1951. The reductions ranged from 5 to 9 percent of the current prices, with an average drop of about 6.2 percent. Reductions were made on 32 important items including gasoline, silicon steel plate, potassium chloride, zinc plate, red phosphorus, cast-iron pipe, and boiler tubes.

The first major price reductions of this type were made at the end of July 1951.(5)

Items sold during the 2-week period of the National Day celebration at the beginning of October were offered at 5 percent below retail price. The price of cotton padding and soda dropped during October when supplies reached an adequate level. In Peiping, the price of cotton padding was halved within a period of 15 days.(8)

In mid-October, the Ministry of Trade ordered the third round of price reductions for important commodities of the state-operated China Industrial Machine Supply Corporation and the China Petroleum Corporation. This meant an average reduction of about 6.35 percent in the prices of 18 commercial commodities. In Tientsin, the price of silicon steel plate was reduced 5.27 percent; gasoline, 5 percent; sodium chloride, 9.1 percent; tires, 7.41 percent; and direct blacks and blues [dyes], 9.53 percent. Other items included in the reduction were zinc oxide powder, waxed belts, and penicillin. The price reductions were effected between 10 and 15 October. Reductions in Shanghai were expected to follow those in Tientsin both in type of item and in extent of reduction.(6)

Early in November, the Ministry of Trade directed the China General Merchandise Corporation to lower sugar prices by approximately 4.5 percent. Branch stores made the price change on 2 November. Northeast No 24 coarse granulated sugar, handled by the state-operated Tientsin General Merchandise Corporation, dropped from 6,900 yuan per catty to 6,600 yuan per catty. White granulated sugar, handled by the state-operated Shanghai General Merchandise Corporation, dropped from 7,100 yuan per catty to 6,800 yuan per catty.(7)

#### Market Improved

The general price stability can be credited to the rise in the people's purchasing power, which even the most conservative estimates set at about 300 percent, since the close of 1950. The rise was 60 percent in Chekiang, 100 percent in the tea producing areas of northern Anhwei, and from 20 to 60 percent in other areas of the nation.(2)

Market conditions in Shanghai have improved. Pork grew scarce at the end of August due to lack of coordination between market and supply sources. At the beginning of September, 3,574 pigs were sent to Shanghai and, by the middle of the month, 6,062 pigs were arriving daily. [Daily?] market demands increased from 3,182 pigs at the beginning of September to 8,499 pigs by the middle of September. This was a 30-percent increase over the figures for the corresponding period of 1950. From 12 to 14 September 1951, the Shanghai local product companies showed receipts which exceeded those for the first 10 days of the month. Receipts for the first half of September 1951 were 10 percent greater than those for the whole of September 1950.

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Cooperative sales for the mid-autumn period of 1951 showed the following increases over the corresponding period of 1950: cooking oil, 42 percent; sugar, 15 percent; salt, 51 percent; and mooncakes, over 300 percent. Prices during the mid-autumn period of 1951 were more than 10 percent lower than those for the same period of 1950.(4)

Data on state-operated commerce in October 1951 showed a one-third increase in retail turnover above the September level and double the volume of October 1950. The quantity of foodstuffs retailed was one and one half times above that for October 1950 and cotton cloth sales almost doubled the October 1950 figure.(8)

Reflecting these improvements in the nation's economy, the people's currency, pegged at 31,000 yuan to one US dollar on 1 October 1950, appreciated to 22,270 to one on 10 September 1951.(2)

SOURCES

1. Shanghai, Hsin-wen Jih-pao, 4 Sep 51
2. Shanghai, Ta Kung Pao, 24 Sep 51
3. Tientsin, Tientsin Jih-pao, 11 Sep 51
4. Shanghai, Chieh-fang Jih-pao, 16 Sep 51
5. Hong Kong, Ta Kung Pao, 28 Sep 51
6. Canton, Nan-fang Jih-pao, 19 Oct 51
7. Hong Kong, Ta Kung Pao, 9 Nov 51
8. Hong Kong, Ta Kung Pao, 17 Nov 51

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